

Registered number 07600396

Bellows Technology Limited
Filleted annual report and financial statements
for the year ended 31 December 2018



Bellows Technology Limited

Financial statements for the year ended 31 December 2018

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Bellows Technology Limited

Directors and advisers for the year ended 31 December 2018

Directors

W D Milles (resigned on 31 December 2018)

A J Meakin

P Sleaford

Company secretary

E J Shakespeare

Registered office

The Old Court House

24 Market Street

Gainsborough

Lincolnshire

DN21 2BE

Independent Auditor

KPMG LLP

Chartered Accountants and Statutory Auditors

1 Sovereign Square

Sovereign Street

Leeds

LS1 4DA

Solicitors

Burton & Dyson

22 Market Place

Gainsborough

Lincolnshire

DN21 2BZ

Squire Patton Boggs

6 Wellington Place

Leeds

LS1 4AP

Banker

Lloyds Bank

2nd Floor

116 Wellington Street

Leeds

LS1 4LT

Bellows Technology Limited

Strategic report for the year ended 31 December 2018

The directors present their strategic report on the company for the period ended 31 December 2018.

Review of business and future developments

The company designs, manufactures and supplies a comprehensive range of thin-wall and heavy-wall metallic expansion joints, stainless steel bellows assemblies, flexible & thermal compensators and high frequency de couplers - managing thermal growth, displacement and vibration across a wide range of industrial and commercial applications.

Following the acquisition of the company by Teconnex Limited in 2017, the company was integrated into the Teconnex group. Teconnex provides financial resources and investment support to develop the long term potential of the business.

The company invested in additional overhead and asset base to provide a platform for future growth.

In addition to the performance indicators detailed in the profit and loss account, a wide range of other financial and non-financial key performance indicators are used by the directors to review the performance of the company and ensure further progress in the long term. Indicators include quality, delivery and efficiency measures and gross margin performance.

Risk and uncertainties

The company's operations expose it to a number of risks and uncertainties. These include the ultimate size and nature of the market for expansion joints and competitive forces in the market. These risks and uncertainties are reviewed on an on-going basis and actions are taken when possible to limit any detrimental effect on the business.

Research and development

It is company policy that management and staff actively pursue technical and product innovations and development, not only to meet customers' changing requirements, but also to develop new market opportunities

By order of the Board



E J Shakespeare
Company Secretary

5th September 2019

Bellows Technology Limited

Directors' report for the year ended 31 December 2018

The directors present their report and the audited financial statements of Bellows Technology Limited for the period ended 31 December 2018.

Future developments are included in the Strategic Report.

Directors

The directors who held office during the period and up to the date of signing the financial statements are given below:

W D Milles (resigned on 31 December 2018)

A J Meakin

P Sleaford

Employees

It is the policy of the company to provide equal opportunities in appointment, training and career development of disabled persons, including those becoming disabled during their employment, having regard to their particular aptitudes and abilities. The company also keeps employees involved in, and informed of, business developments and consults with on a regular basis, so that their views are taken into account in decision making.

Directors acknowledge fully the essential part that all who work for the company play in its success and thank them for their efforts and dedication. To enable employees to share in the growth of the company and help align their interests with the shareholders the government approved Hexadex group Share Incentive Plan (SIP) operated by the group was extended to the company on its acquisition. All eligible employees are able to participate in the SIP and enjoy the benefits of Hexadex Limited share ownership.

In addition, the ultimate parent, Hexadex group profit sharing scheme was also introduced from 1st January 2018. This will engage employees as key stakeholders in the continuing success of the Hexadex group and help to achieve group-wide awareness across the whole group of economic and financial factors and their impact. The scheme pays a share of overall group profits to employees. The scheme works independently of the SIP and profit shares are paid to all eligible employees in the Hexadex group whether members of the SIP or not.

Statement of directors' responsibilities

The directors are responsible for preparing the Strategic Report, the Directors' Report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law they have elected to prepare the financial statements in accordance with UK accounting standards and applicable law (UK Generally Accepted Accounting Practice), FRS 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland*.

Bellows Technology Limited

Directors' report for the year ended 31 December 2018 (continued)

Under company law directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that year. In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable UK accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- assess the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and
- use the going concern basis of accounting unless they either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error, and have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the company and to prevent and detect fraud and other irregularities.

Financial risk management

The company is exposed to a variety of financial risks, including interest rate and credit risk. These are managed at both a company level and also at the level of its ultimate parent company, Hexadex Limited.

Hexadex Limited operates a multicurrency banking facility for all its trading subsidiaries. Cash surpluses, any short-term borrowing requirements and interest rates are managed through the facility, at parent company level.

The company has policies that require appropriate credit checks on potential customers before sales are made. The amount of exposure to any individual counterparty is subject to a limit, which is reassessed on a regular basis.

Directors' liability insurance

The company's parent has purchased and maintained throughout the financial year Directors' and Officers' liability insurance in respect of itself and its Directors.

Disclosure of information to auditor

So far as each director is aware, there is no relevant audit information of which the company's auditor is unaware and the directors have taken all reasonable steps that ought to have been taken as directors in order to make themselves aware of any relevant audit information and to establish that the company's auditor is aware of the information.

Independent auditor

The company's auditor, KPMG LLP have indicated their willingness to continue in office and a resolution concerning their reappointment will be proposed at the parent company's Annual General Meeting.

By order of the Board



E J Shakespeare
Company Secretary

5th September 2019

Bellows Technology Limited

Balance sheet as at 31 December 2018

			2018	2017
	Note	£'000	£'000	£'000
Fixed assets				
Tangible assets	6		72	60
Current assets				
Inventories	7	40		59
Debtors	8	210		154
Cash at bank and in hand		-		13
			250	226
Creditors – amounts falling due within one year	9		(151)	(115)
Net current assets			99	111
Total assets less current liabilities			171	171
Net assets			171	171
Capital and reserves				
Called up share capital	10		-	-
Accumulated profits			171	171
Total equity			171	171

The financial statements have been prepared and delivered in accordance with the provisions of Part 15 of the Companies Act 2006 relating to small companies.

In accordance with section 444 of the Companies Act 2006, the Statement of Comprehensive Income has not been delivered.

The financial statements were approved by the board of directors on 5th September 2019 and were signed on its behalf by:



P Sleaford
Director



A J Meakin
Director

Registered number 07600396

Bellows Technology Limited

Notes to the financial statements for the year ended 31 December 2018

1 General Information

Bellows Technology Limited is a private company limited by shares and is incorporated in England. The address of its registered office is The Old Court House, 24 Market Street, Gainsborough, Lincolnshire, DN21 2BE.

2 Statement of compliance

The financial statements of Bellows Technology Limited have been prepared in compliance with United Kingdom Accounting Standards, including Financial Reporting Standard 102, "The Financial Reporting Standard applicable in the United Kingdom and the Republic of Ireland" ("FRS102") and the Companies Act 2006.

3 Statement of accounting policies

The principal accounting policies applied in preparation of these financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

Basis of preparation

These financial statements are prepared on a going concern basis, under the historical cost convention, as modified by the recognition of certain financial assets and liabilities measured at fair value.

The preparation of financial statements requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the company's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed in note 4.

Going concern

The financial statements have been prepared on the going concern basis, which assumes that the company will continue in operational existence for the foreseeable future. The directors believe that it is appropriate for the financial statements to be prepared on the going concern basis given its own cash resources and additional funding available through its parent Teconnex Limited and the wider Hexadex group.

Exemptions for qualifying entities under FRS102

The Company's ultimate parent undertaking, Hexadex Limited includes the Company in its consolidated financial statements. The consolidated financial statements of Hexadex Limited are available to the public and may be obtained from The Old Court House, 24 Market Street, Gainsborough, Lincolnshire, DN21 2BE. In these financial statements, the company is considered to be a qualifying entity (for the purposes of this FRS) and has applied the exemptions available under FRS 102 in respect of the following disclosures:

- Reconciliation of the number of shares outstanding from the beginning to end of the period
- Cash Flow Statement and related notes
- Key Management Personnel compensation

As the consolidated financial statements of Hexadex Limited include the disclosures equivalent to those required by FRS 102, the Company has also taken the exemptions available in respect of the following disclosures:

- Certain disclosures required by FRS 102.26 Share Based Payments
- Certain disclosures required by FRS 102.11 Basic Financial Instruments and FRS 102.12 Other Financial Instrument Issues in respect of financial instruments not falling within the fair value accounting rules of Paragraph 36(4) of Schedule 1

Bellows Technology Limited

Notes to the financial statements for the period ended 31 December 2018 (continued)

3 Statement of accounting policies (continued)

Revenue recognition

The turnover shown in the profit and loss account represents amounts invoiced during the year, exclusive of Value Added Tax. Sales are recognised as revenue in the period in which the significant risks and rewards of ownership have been transferred to a third party.

Employee benefits

The company provides a range of benefits to employees, including paid holiday arrangements, a group profit sharing plan and defined contribution pension scheme.

Short term benefits

Short term benefits, including holiday pay and other similar non-monetary benefits, are recognised as an expense in the period in which the service is received.

Defined contribution pension plan

The company operates a defined contribution pension plan for its employees. The contributions to the plan are recognised as an expense when they are due. Amounts not paid are shown in accruals in the balance sheet. The assets of the plan are held separately from the company in separately administered funds.

Taxation

Taxation expense for the period comprises current and deferred tax and is recognised in the profit and loss account in the reporting year. Current or deferred taxation assets and liabilities are not discounted.

Current tax

Current tax is the amount of income tax payable in respect of the taxable profit for the year or prior years. Tax is calculated on the basis of tax rates and laws that have been enacted or substantively enacted by the period end.

Development costs

Development costs are recognised as an expense as incurred.

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Notes to the financial statements for the year ended 31 December 2018 (continued)

3 Statement of accounting policies (continued)

Tangible assets and depreciation

Tangible assets are stated at historic purchase cost less any amounts for depreciation and provision for impairment.

Depreciation is calculated so as to write off the cost of an asset, less its estimated residual value, over the useful economic life of that asset as follows:

Plant, machinery and tooling	20% straight line
Fixtures and fittings	20% straight line
Computer equipment	33% straight line

The assets' residual values and useful lives are reviewed and adjusted, if appropriate, at the end of each reporting year. The effect of any change is accounted for prospectively.

Tangible assets are removed from capital on disposal or when no future economic benefits are expected. On disposal, the difference between the net disposal proceeds and the carrying amount is recognised in the profit or loss.

Impairment of assets

At each reporting date fixed assets are reviewed to determine whether there is any indication that those assets have suffered an impairment loss. If there is an indication of possible impairment, the recoverable amount of any affected asset is estimated and compared with its carrying amount. If the estimated recoverable amount is lower, the carrying amount is reduced to its estimated recoverable amount, and an impairment loss is recognised immediately in the profit and loss account.

If an impairment loss subsequently reverses, the carrying amount of the asset is increased to the revised estimate of its recoverable amount, but not in excess of the amount that would have been determined had no impairment loss been recognised for the asset in prior years.

Financial instruments

The company has adopted Sections 11 and 12 of FRS102 in respect of financial instruments.

Financial assets

Basic financial assets, including trade and other receivables, cash and bank balances are initially recognised at transaction price.

Financial liabilities

Basic financial liabilities, including trade and other payables and loans from fellow group companies are initially recognised at transaction price.

4 Critical accounting judgements and estimation uncertainty

Company management and the board of directors make estimates and assumptions about the future. These estimates and assumptions impact on recognised assets and liabilities, as well as revenue and expenses and other disclosures. These estimates are based on historical experience and on various assumptions considered reasonable under the prevailing conditions. The actual outcome may diverge from these estimates if other assumptions are made, or other conditions arise. The estimates and assumptions that may have a significant effect on the carrying amounts of assets and liabilities within the financial year include:

- Tangible and intangible assets are recognised at cost, less accumulated depreciation, amortisation and any impairments. Amortisation and depreciation take place over the estimated useful life, down to the assessed residual value. The carrying amount of the company's fixed assets is tested as soon as changed conditions show that a need for impairment has arisen.

Bellows Technology Limited

Notes to the financial statements for the year ended 31 December 2018 (continued)

5 Employee information

The average monthly number of persons (including executive directors) employed by the company during the year / period was:

By activity	2018 Number	2017 Number
Manufacturing operations	5	5
Sales and administration	4	4
	9	9

6 Tangible fixed assets

	Plant and machinery £'000	Fixtures and fittings £'000	Computer equipment £'000	Total £'000
Cost				
At 1 January 2018	161	22	1	184
Additions	20	5	2	27
At 31 December 2018	181	27	3	211
Accumulated depreciation				
At 1 January 2018	117	6	1	124
Charge for the period	10	4	1	15
At 31 December 2018	127	10	2	139
Net book amount				
At 31 December 2018	54	17	1	72
At 31 December 2017	44	16	-	60

7 Inventories

	2018 £'000	2017 £'000
Raw materials	23	13
Work in progress	3	28
Finished goods	14	18
	40	59

There was no significant difference between the replacement cost of inventories and their carrying amounts.

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Notes to the financial statements for the year ended 31 December 2018 (continued)

8 Debtors

	2018 £'000	2017 £'000
Trade debtors	197	140
Corporation tax	13	14
	210	154

9 Creditors: amounts falling due within one year

	2018 £'000	2017 £'000
Bank overdraft	85	-
Trade creditors	42	91
Amounts owed to group undertakings	6	-
Social security and other taxes	10	17
Accrued expenses	8	7
	151	115

10 Called up share capital

	2018 £	2017 £
Allotted and fully paid		
25 A ordinary shares of £1 each	25	25
25 B ordinary shares of £1 each	25	25
25 C ordinary shares of £1 each	25	25
25 D ordinary shares of £1 each	25	25
	100	100

There are no restrictions on the distribution of dividends and the repayment of capital. There were no changes to share capital during the year.

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Notes to the financial statements for the year ended 31 December 2018 (continued)

11 Contingencies

Under FRS102 Section 21 "Provisions and contingencies" the company has a potential contingent liability that is not provided for in the financial statements. In accordance with the Hexadex Group's financing arrangements and policies, after the year end the company gave an unlimited guarantee to its bank for the liabilities of Hexadex Limited, the company's parent undertaking, and its subsidiaries (Teconnex Limited, Ceramex Limited, Hooton Engineering Limited, Eminox New Ventures Limited, CWM Automation Limited and Eminox Limited). No liability exists in respect of this intra group guarantee at 31st December 2018.

12 Commitments under operating leases

The company had the following future minimum lease payments under non-cancellable operating leases for each of the following periods:

	2018	2017
	£'000	£'000
Payments due:		
Not later than one year	16	16
Later than one year and not later than five years	9	24
	25	40

13 Ultimate parent company

The ultimate parent undertaking and controlling party is Hexadex Limited, a company which is incorporated in the United Kingdom, and which is the largest and smallest group to consolidate the financial statements of this entity. The immediate parent undertaking is Teconnex Limited, also incorporated in the United Kingdom.

Copies of the consolidated financial statements of Hexadex Limited and Teconnex Limited can be obtained from the company Secretary at The Old Court House, 24 Market Street, Gainsborough, Lincolnshire, DN21 2BE.

14 Related party transactions

The company has taken advantage of the exemption contained within FRS102 and not disclosed transactions or balances with companies that are fellow wholly owned subsidiaries of Hexadex Limited.

15 Disclosure under section 444(5B) of the Companies Act 2006

The report of the Auditor was unqualified.

John Pass MSC BA ACA (Senior Statutory Auditor)
For and on behalf of KPMG LLP